

1 Mr. Leaders, do you care if we dispose of  
2 that? Do you object?

3 MR. LEADERS: (Shaking head negatively.)

4 MR. MADER: I assume that's where you  
5 wanted it to go, Doctor.

6 THE WITNESS: You know, I really didn't  
7 consider that, but it's fine.

8 MR. MADER: We don't have to leave it on  
9 the table?

10 THE WITNESS: No, we do not.

11 MR. MADER: I'll put it right there in  
12 the trash.

13 THE WITNESS: All right. I have a  
14 questionnaire that I provided that was completed by Mr.  
15 Leaders.

16 MR. MADER: Can we mark that the next  
17 numbered exhibit?

18 COURT REPORTER: It's 8.

19 MR. MADER: I know I told you I thought  
20 there would only be seven or so.

21 (Exhibit Number 8 marked.)

22 THE WITNESS: The first page is a 1040 of  
23 2000, a W-2 for 1999, a W-2 for 1998, W-2 for 1997, and  
24 a W-2 for 1996.

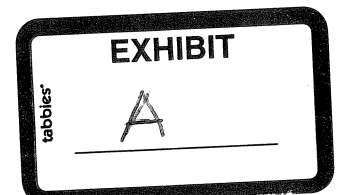
25 MR. MADER: Let me make the tax

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1 information collective Exhibit 9.

2 (Exhibit Number 9 marked.)

3 Q. (By Mr. Mader) Anything else?

4 A. Not specific to Mr. Leaders.

5 Q. Did you discuss this case with Mr. Leaders or  
6 Mr. McNees?

7 A. Oh, I'm sorry. I left out the -- yes. I have  
8 notes from a conversation with Mr. Leaders.

9 MR. MADER: Let's mark that as Number 10,  
10 please.

11 (Exhibit Number 10 marked.)

12 Q. (By Mr. Mader) Have we now got everything  
13 identified marked and isolated that you considered when  
14 forming your opinions in this case?

15 A. Specific to Mr. Leaders, yes.

16 Q. Was there anything nonspecific to Mr. Leaders  
17 that you considered?

18 A. Yes, there would be.

19 Q. What is that, Doctor?

20 A. I would have used information concerning -- I  
21 used some price index data, unemployment rate data, and  
22 probability of disability data.

23 Q. Do you have that in your file?

24 A. No.

25 Q. Okay. Where can I obtain the documents that

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1 you looked at or considered?

2 A. I get it online. I have the site bookmarked  
3 so I don't really have the sites memorized, but it would  
4 be basically BLS data.

5 Q. It would be what data?

6 A. Bureau of Labor Statistics data.

7 Q. What specific charts or anything did you look  
8 at on the Bureau of Labor Statistics?

9 A. And also I didn't mention employer cost data,  
10 which is on the Bureau of Labor Statistics' home site.

11 Q. So if I just went to the Bureau of Labor  
12 Statistics' Web page, would I be able to locate what you  
13 relied upon based upon your verbal identification of the  
14 same there?

15 A. Employer costs pop on the page I have  
16 bookmarked. I think it's the home page which comes up,  
17 but it says employer costs, and you go to that.

18 Q. How about the other things? How would I go to  
19 the Web site to find those?

20 A. There are unemployment rates there and also  
21 probability of working statistics.

22 Q. Is that everything that you considered,  
23 Doctor?

24 A. No. Also, I used treasury inflation-protected  
25 bonds which I get off the Bloomberg Web site.

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1 Q. So if I went to the Bloomberg Web site, I  
2 could just type in "treasury" -- what type of bonds?

3 A. Treasury inflation-protected securities tips.

4 Q. I could find it just by that name?

5 A. It is listed on the Bloomberg Web site.

6 Again, it comes up on the page I have bookmarked, but  
7 it's on the Bloomberg Web site, yes.

8 Q. Anything else?

9 A. I don't think so. Maybe something will occur  
10 as we go through.

11 Q. Sure. Well, tell me what you and Mr. Leaders  
12 spoke about. You've got notes there marked as Exhibit  
13 Number 10.

14 A. Yes. "Worked at Dell August through end of  
15 year."

16 Q. He worked at Dell?

17 A. Yes.

18 Q. Okay.

19 A. "Left Dell due to health reasons."

20 Q. That was in 2000?

21 A. Yes.

22 Q. Why did he say he left Dell, Doctor?

23 A. Health reasons.

24 Q. Did he say what type of health reasons?

25 A. "BP went up, caused vision problems."

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1 it's possible that his employment may have continued on  
2 had he not left voluntarily?

3 A. In the sense that leaving due to health is  
4 voluntary, yes.

5 Q. Have you had any other conversations with Mr.  
6 Leaders other than the March 23, 2005?

7 A. Not that I recall.

8 Q. Can you give us any more information other  
9 than what's contained in your notes?

10 A. No.

11 Q. You can't expound upon your notes in any  
12 manner?

13 A. No.

14 Q. Well, let's look at what's been made Exhibit  
15 Number 8, please, a questionnaire.

16 A. Okay.

17 Q. Did you verify any of the information  
18 contained in the questionnaire for economic elements of  
19 loss, employment termination, Exhibit Number 8?

20 A. Only the tax data.

21 Q. Okay. Other than that, you're relying upon  
22 what Mr. Leaders told you basically?

23 A. Correct.

24 Q. Doctor, what opinions do you intend to express  
25 in this case?

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1           A.    The present value amount of what Mr. Leaders  
2           could have anticipated earning at Philips had he  
3           remained employed at Philips.

4           Q.    All right. And what is that, Doctor?

5           A.    What is that amount?

6           Q.    Yes.

7           A.    I should amend my last statement. It's the  
8           amount less what he earned at Dell.

9           Q.    Did you consider anything else as far as  
10          offset or mitigation?

11          A.    No.

12          Q.    Did you consider any severance pay he may have  
13          received from Philips?

14          A.    No.

15          Q.    Would you agree with me if he received  
16          severance pay from Philips, that that should be  
17          considered as an offset?

18          A.    I don't know. I don't have an opinion about  
19          that.

20          Q.    Okay. So all you considered was the Dell  
21          income?

22          A.    Yes.

23          Q.    How much was that Dell income that you offset?  
24          I assume you offset that from the historical wage loss;  
25          is that correct?

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1 A. I did.

2 Q. That's what you're calling back pay?

3 A. I don't think I referred to it in any way.

4 Q. I think what you've said -- historical lost  
5 earnings. That's what I would consider back pay,  
6 basically pay from the date he was terminated until --  
7 was the day of your report that you calculated that to?

8 A. No, that was ---

9 Q. Or was it until trial?

10 A. Well, it would be to his 53rd birthday, which  
11 is -- what has already past. It would be January 31,  
12 2005, was Mr. Leaders' 53rd birthday. It would have  
13 been at that point -- was what I would have considered  
14 historical and post that in the future.

15 Q. Let's confirm -- what was the date you started  
16 your calculation from?

17 A. Started what?

18 Q. The historical lost earnings.

19 A. February 15, 2001.

20 Q. Was the date you started the calculation?

21 A. The historical earnings, yes; the loss of  
22 historical earnings.

23 Q. Why did you pick February 15, 2001?

24 A. Because he worked at Dell until February 2001,  
25 so I didn't calculate -- didn't consider anything prior

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1 to that.

2 Q. Okay. And then you stopped at January 31,  
3 2005?

4 A. Yes.

5 Q. Okay.

6 A. For historical earnings.

7 Q. What is the figure you arrived at?

8 MR. LEADERS: Can I ask a question here?  
9 What ---

10 MR. MADER: Excuse me, Mr. Leaders. I'm  
11 conducting the examination at this time, sir.

12 MR. LEADERS: All right.

13 THE WITNESS: \$413,649.

14 Q. (By Mr. Mader) And that includes Dell offset.  
15 Correct? Or that's the amount after you give him credit  
16 for working at Dell?

17 A. Correct.

18 Q. How much money did you give him credit for  
19 working at Dell?

20 A. I did not take that into account specifically.  
21 I simply started calculation after he discontinued  
22 working at Dell.

23 Q. So that's not offset at all? You just -- you  
24 didn't take his Dell money into account at all? You  
25 just included up until the time he left Dell?

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1 A. Yes.

2 Q. I'm talking about the historical lost  
3 earnings. That's separate from the front pay as I  
4 understand your report.

5 A. Yes.

6 Q. What was the baseline salary you started at to  
7 calculate historical lost earnings?

8 A. I don't have a calculator with me, but it  
9 would be ---

10 Q. I've got one right here, Doctor. It's pretty  
11 shoddy, but it's operable.

12 A. On your keys, some of the things are worn off,  
13 so I don't know where the equal sign is. Is it down  
14 here on the left?

15 Q. That big one.

16 A. This one? (Witness indicating.) All right.  
17 \$100,644.53.

18 Q. \$100,654.53?

19 A. \$644.53; \$100,644.53.

20 Q. When I say baseline, that's the figure you  
21 started with as of February 2001? He would have been  
22 earning that if he had worked at Philips?

23 A. No, that's really the average over that time  
24 period.

25 Q. Over what time period?

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1 A. Probably February 2001 to March 24th, 2005.

2 Q. Okay. I want to know the salary number you  
3 started with in February 2001 and for each year  
4 thereafter to come up with the \$400,000 figure.

5 A. I can't answer that question at this time  
6 because I don't know.

7 Q. You don't know how you arrived at that number?

8 A. No.

9 Q. Okay. Can you look at something here to tell  
10 us how you arrived at that number? That's a big number.  
11 I'm trying to defend Philips Electronics here and you're  
12 going to testify in this case, and I want to be able to  
13 understand what your opinions are.

14 A. I understand. Let me see what I can do for  
15 you.

16 Q. Okay. Would you like to take a few-minute  
17 break?

18 A. I don't need to.

19 MR. MADER: I wouldn't mind taking one.

20 (Discussion off the record.)

21 (Break from 11:08 a.m. until 11:12 a.m.)

22 Q. (By Mr. Mader) Have you been able to  
23 determine the salary amount that you started with to  
24 calculate the historical lost earnings of Mr. Leaders,  
25 specifically the salary that he would have received in

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1           A.    When we do the calculations as you indicated  
2           to do the calculations, the number from 1996 is  
3           approximately \$30,000 difference.

4           Q.    Inflation is not going to be \$30,000, is it?

5           A.    From that amount in 1996 to 2005, I don't  
6           think so.

7           Q.    And we're off -- in 1997 doing the  
8           calculations was \$90,766, and what does his W-2 say for  
9           '97 again?

10          A.    \$62,396.

11          Q.    So about \$27,000? Again, inflation is not  
12          going to be \$27,000, is it?

13          A.    I doubt if it is.

14          Q.    So inflation, taking that into account,  
15          however you would do that, is not going to reconcile  
16          these numbers, is it?

17          A.    Not as you indicated how to make these  
18          calculations, no.

19          Q.    Is there any way that you reconcile them? I'm  
20          not an economist.

21          A.    Yes, and I don't know if you want to go ahead  
22          and do the calculations or you want me to go ahead and  
23          do the calculations.

24          Q.    I want you to go ahead and do them.

25          A.    All right. (Witness calculating.) When I do

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1 the calculations, beginning with \$73,006 ---

2 Q. What year is that, Doctor?

3 A. 1999.

4 Q. Okay.

5 A. Increased by two percent per year and adjust  
6 for inflation on arriving at \$94,652, I don't know where  
7 the difference was.

8 Q. So that calls into question the entirety of  
9 this series, does it not, Doctor?

10 A. At this time, I don't know where the  
11 difference is.

12 Q. So the "Wages if Employed (No Inflation)"  
13 series, which is the first series on your attachments to  
14 Exhibit Number 4, is incorrect if we rely upon  
15 historical data?

16 A. No, I'm not saying that. I'm simply saying  
17 the way I'm doing it now, I'm not arriving at that  
18 answer. I'd have to look at the program to see how I  
19 did it.

20 Q. So you don't know how you did it?

21 A. No, I don't know what numbers are included  
22 there.

23 Q. Okay. Is there any way today that we can  
24 figure out how you did it?

25 A. Not unless I go look at my computer and see

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1 A. Where did the calculator go?

2 COURT REPORTER: It's over there.

3 (Witness calculating.)

4 THE WITNESS: The rate of inflation in  
5 2001 was 3.42 percent.

6 Q. (By Mr. Mader) How did you come up with that  
7 number? Is that what the CPI said it was?

8 A. Basically, yes, that's what the CPI said it  
9 was, yes.

10 Q. 3.4 percent? I think that's what you said.

11 A. Whatever I said, that's what it was in 2001  
12 based upon the Consumer Price Index numbers.

13 Q. So that's the figure you would have used for  
14 2001, plus the real increase?

15 A. Yes. I doubt if I did it year by year. I  
16 don't recall.

17 Q. So you don't think you went back and figured  
18 out what the actual inflation was for each year?

19 A. I probably didn't do it for each year. I  
20 probably did it over the entire time period, the  
21 inflation over the entire time period.

22 Q. So you came up with some type of -- how did  
23 you come up with that number?

24 A. Would have used the Consumer Price Index in  
25 February of 2005 and the Consumer Price Index from the

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1 then you get there; is that right?

2 A. Something like that, yes.

3 Q. Okay. Can you tell us what inflation was in  
4 2002, 2003, and 2004?

5 A. What was the last one we did?

6 Q. 2001. You said it was 2.2.

7 A. 1.58 in 2002.

8 Q. So that would give him like a 3.58 bump.

9 A. 2.22 in 2003.

10 Q. That would be a 4.2 bump.

11 A. 2.66 in 2004.

12 Q. 4.66.

13 A. And then 1.5 from the average index in 2004  
14 through February of 2005.

15 Q. So that would be like 3.5 then. Correct?

16 A. Adding two to 1.5 is 3.5, yes.

17 Q. So I guess historically your three percent  
18 rate of inflation is a little high that you used in some  
19 of your calculations?

20 A. It's a little higher than what we just went  
21 through, yes.

22 Q. Now, you would agree with me that the employer  
23 is not required to meet inflation with wage increases.  
24 Right?

25 A. Correct.

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1 Q. Or is not required to give a raise at all?

2 A. Correct.

3 Q. You've told me how you calculated the  
4 benefits. We've been over that completely. Correct?

5 A. Yes.

6 Q. Okay. How did you figure out to go to age 69  
7 here for Mr. Leaders? Is that just what he told you,  
8 how long he was going to work for, until he was 70, I  
9 think the questionnaire says there?

10 A. Yes.

11 Q. And you would agree with me that the Skoogs  
12 Cieka table ---

13 A. The what?

14 Q. Skoogs Cieka ---

15 A. Yes.

16 Q. --- the economists, they have a table which is  
17 standard use in economic forecasting like this.

18 A. Is it?

19 Q. That's my understanding. Am I correct?

20 A. I'm sure some people do use it, yes.

21 Q. Have you ever used the Skoogs Cieka table?

22 A. No.

23 Q. That would take about 11 years for the future  
24 work life. Correct?

25 A. I don't know.

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1 the increase that you've calculated. Correct?

2 A. Yes.

3 Q. In both settings, real and nominal? And what  
4 I mean by that, if your expected future earnings, the  
5 wages -- the increase you put for "Wages if Employed (No  
6 Inflation)," that increase is more than your real  
7 discount factor? And then if you go ahead -- and the  
8 inflation for your expected future earnings, even if you  
9 add inflation plus the increase, the nominal discount  
10 factor is still less than that. Correct?

11 A. Yes.

12 Q. So your nominal discount factor is about 4.65?

13 A. It would be something like that, yeah.

14 Q. Whereas your nominal increase, if you add  
15 inflation in, it's about five percent?

16 A. Yes.

17 Q. Did you tell me how you arrived at the  
18 inflation rate of three percent, Doctor?

19 A. I don't think so.

20 Q. How did you arrive at the inflation rate of  
21 three percent?

22 A. It was arbitrary.

23 Q. And that's not based on historical inflation?  
24 It's just an arbitrary number you picked?

25 A. It's just arbitrary.

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1 Tennessee.

2 A. No.

3 Q. Did you look at or consider any materials put  
4 out by the State of Tennessee regarding wage rate  
5 inflation?

6 A. No.

7 Q. Have you ever testified in a case in  
8 Tennessee?

9 A. No.

10 Q. Do you think that -- assume for me that the  
11 wage rate of inflation for manufacturing per the  
12 governor of Tennessee is 3.55 percent. Do you think  
13 that's a better amount figure to use than yours if  
14 you're going to testify in Tennessee?

15 A. No.

16 Q. Why not?

17 A. Because the governor doesn't know what  
18 inflation is going to be, the governor really doesn't  
19 know what the real rate of increase is going to be.

20 Q. But you really don't know what the real rate  
21 of increase is going to be either?

22 A. No.

23 Q. You just picked two percent? And you picked  
24 three percent as an arbitrary number. Right?

25 A. The three percent doesn't matter. Remember?

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1 Q. Did you take into consideration any duty of  
2 Mr. Leaders to mitigate his damages? He's only worked  
3 at Dell for a brief period of time in approximately four  
4 years.

5 MR. LEADERS: I object to that because  
6 the damages can't be mitigated in ways that suggest  
7 because of -- or damages that were caused by the stress  
8 of Philips so that's an irrelevant moot point.

9 Q. (By Mr. Mader) Did you hear my question,  
10 Doctor?

11 A. Yes.

12 Q. Can you go ahead and answer it subject to his  
13 objection, sir?

14 A. No.

15 Q. You can't? No, you didn't calculate any type  
16 of mitigation?

17 A. Other than the money that was earned at Dell.

18 Q. Is that something that you would typically do,  
19 come up with some type of hypothetical mitigation?

20 A. Sometimes.

21 Q. But you did not do that here?

22 A. No.

23 Q. So you don't take into account at all the fact  
24 that he hasn't had any job other than Dell?

25 A. That's correct.

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